

Overview of Programs Offered by Montgomery County Agencies

September 27, 2011

Introduction

The Office of Legislative Oversight hired Aon to prepare an overview comparison of the active employee and retiree medical and prescription insurance plans offered by each Montgomery County agency. This overview contains two components.

First Component:

Includes all five agencies - Montgomery County Public Schools (MCPS), Montgomery County Government (MCG), Montgomery College (MC), the Maryland –National Capital Park and Planning Commission (M-NCPPC) and Washington Suburban Sanitary Commission (WSSC). It should be noted that M-NCPPC and WSSC are bi-County agencies (Montgomery County and Prince George's County).

- Plan Options offered by each agency
- Specific plan design features and key differences between plans offered
- Enrollment in each plan as well as opt out rate
- Premiums charged under each plan based on 2012 projections including employee/retiree share and agency share
- Administrative costs

Second Component – Analysis of MCPS and MCG programs to identify reasons for cost differences

- Demographics of enrollees
- Plan design differences
- Enrollment trends
- Claims history and trends

Plan Options for 2012

Insurance Carriers

| MCPS | MCG | M-NCPPC | WSSC | MC |
|-----------|-----------|----------|----------|----------|
| UHC | UHC | UHC | UHC | CIGNA |
| CareFirst | CareFirst | CIGNA | Kaiser | Kaiser |
| Kaiser | Kaiser | Caremark | Caremark | Caremark |
| Caremark | Caremark | | | |

Plans Offered by agency

| Type of Plan | MCPS | MCG | MNCPPC | WSSC | MC |
|--------------|------|-----|--------|------|----|
| HMO | √ | √ | √ | √ | √ |
| POS | √ | √ | √ | √ | √ |
| PPO | | | | | √ |
| CDHP | | | | | √ |
| Ind/Supp | √ | √ | √ | √ | |

Plan Options for 2012

| MCPS | MCG | M-NCPPC | WSSC | MC |
|--------------------|---------------------|-------------------------------|------------------------|------------|
| United Closed POS* | CareFirst | CIGNA HMO | United HMO | CIGNA POS |
| | High Option POS | | | |
| United Open POS | CareFirst | United HMO | United POS | CIGNA PPO |
| | Standard Option POS | | | |
| United HMO | United HMO | United POS | Kaiser HMO | CIGNA CDHP |
| CareFirst POS | Kaiser HMO | United Medicare Complement | United Supplemental | Kaiser HMO |
| CareFirst HMO | CareFirst Indemnity | | | |
| Kaiser HMO | | | | |
| Indemnity Plan | | | | |

* Only available to employee hired before January 1, 1994

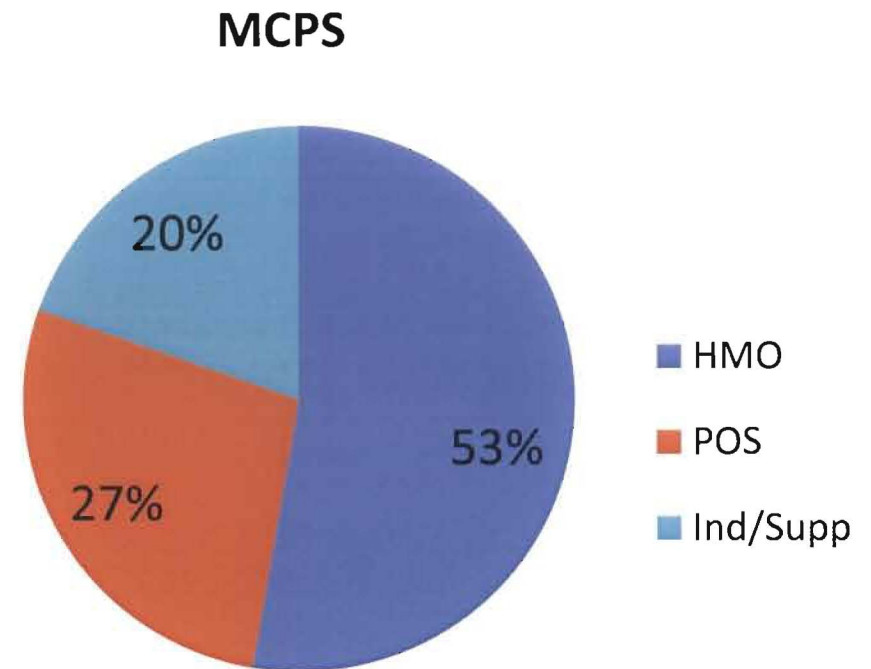
- All of the agencies offer at least one HMO plan option and one POS plan option
- MCPS currently offers the most plan options to active employees (3 HMOs and 2 POS plans)
- Montgomery College will introduce a Consumer Directed Health Plan for 2012. They are the only agency to offer this type of plan.

Funding

- All medical and prescription plans are self-insured except Kaiser which is fully insured

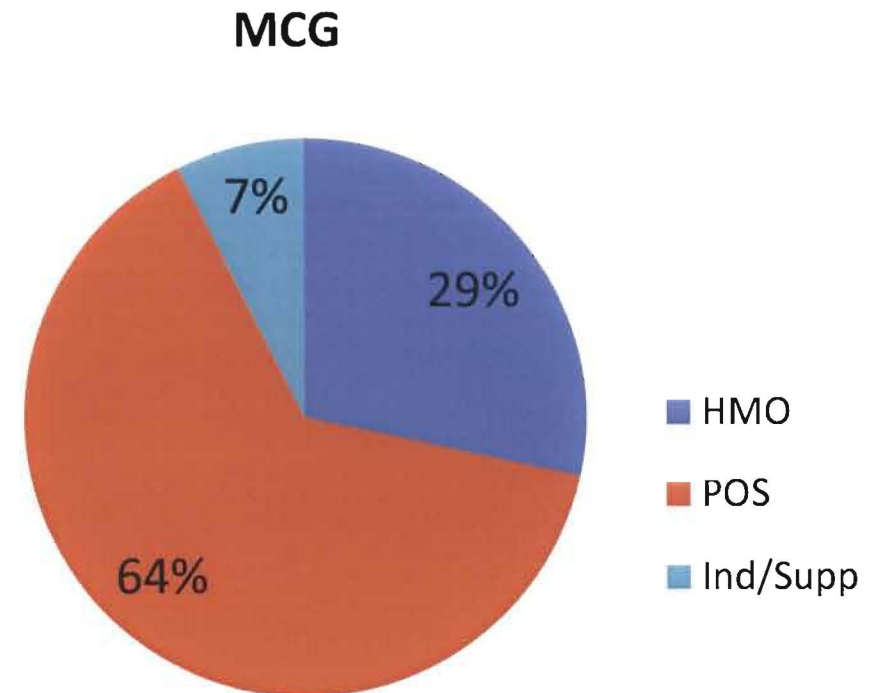
Plan Options

- Enrollment by Plan – Actives and Retirees
- Represents 2011 Elections
- The vast majority of active employee enrollment is in the HMO plans which have lower cost for employees than the POS plans.



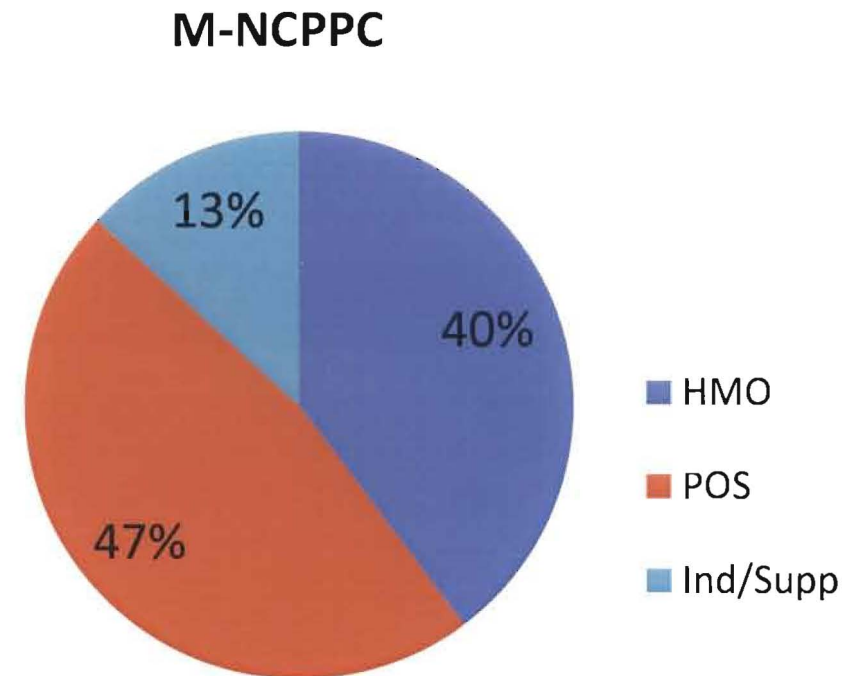
Plan Options

- Enrollment by Plan – Actives and Retirees - Represents 2011 Elections
- The majority of enrollment is in the POS plans .
- The premium share for the POS and HMO plans were the same in the past, however starting in 2012, the cost share for active employees will be 5% higher for the POS plan. It is expected that this will cause increased enrollment in the HMO plans in 2012.



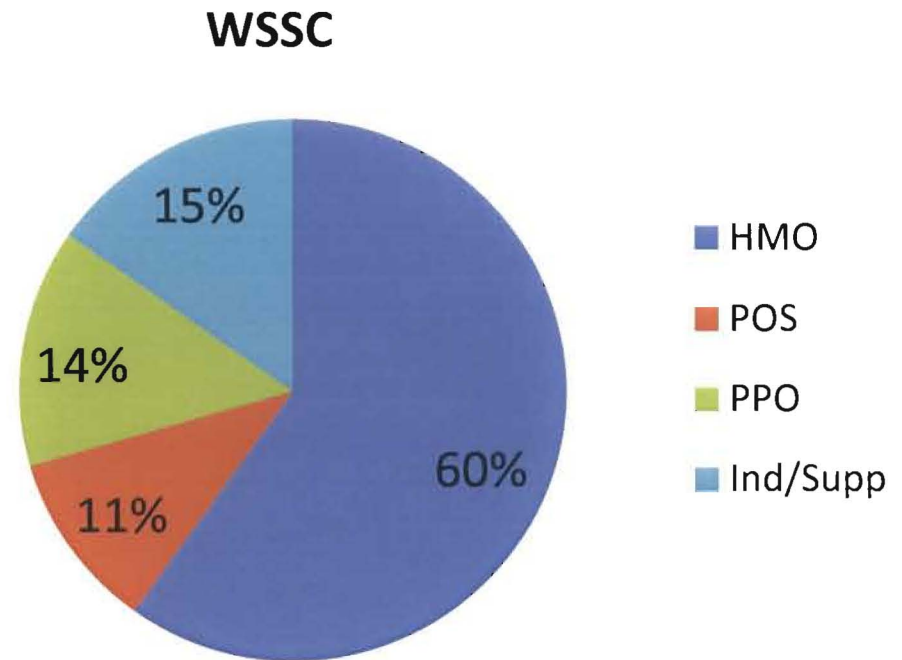
Plan Options

- Enrollment by Plan – Actives and Retirees - Represents 2011 Elections
- The most enrollment for M-NCPPC is in the POS plans.
- Two POS plans and two HMO plans are currently offered and the employee contributions historically have been similar among all of the plans.



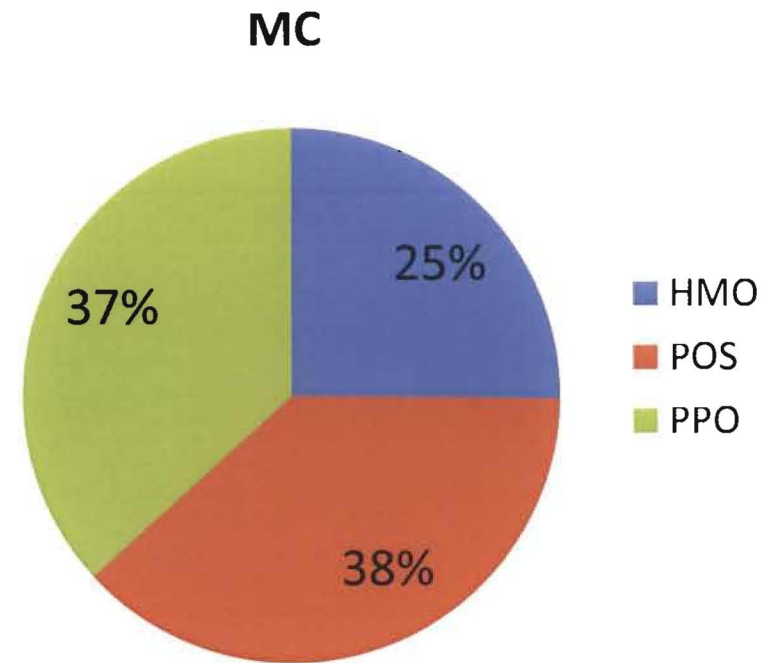
Plan Options

- Enrollment by Plan – Actives and Retirees - Represents 2011 Elections
- WSSC enrollment has been primarily in the HMO plans.
- The employee cost for the HMO plans has historically been significantly less than for the POS plans.



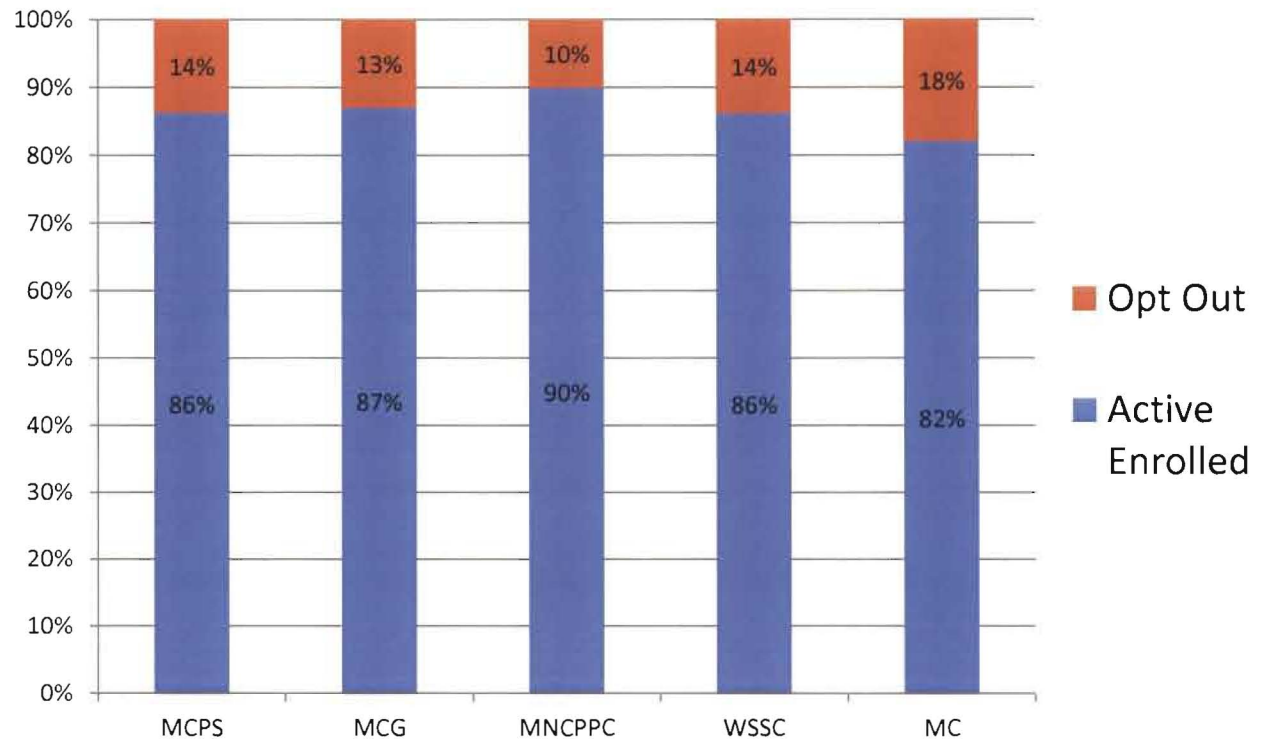
Plan Options

- Enrollment by Plan – Actives and Retirees - Represents 2011 Elections
- Currently the majority of enrollment is in the POS and PPO plans.
- Montgomery College is introducing a CDHP in 2012 and it is assumed that 10% of active enrollees in the POS plan and 40% of actives in the PPO plan will select the CDHP. The PPO plan will only be available to retirees.



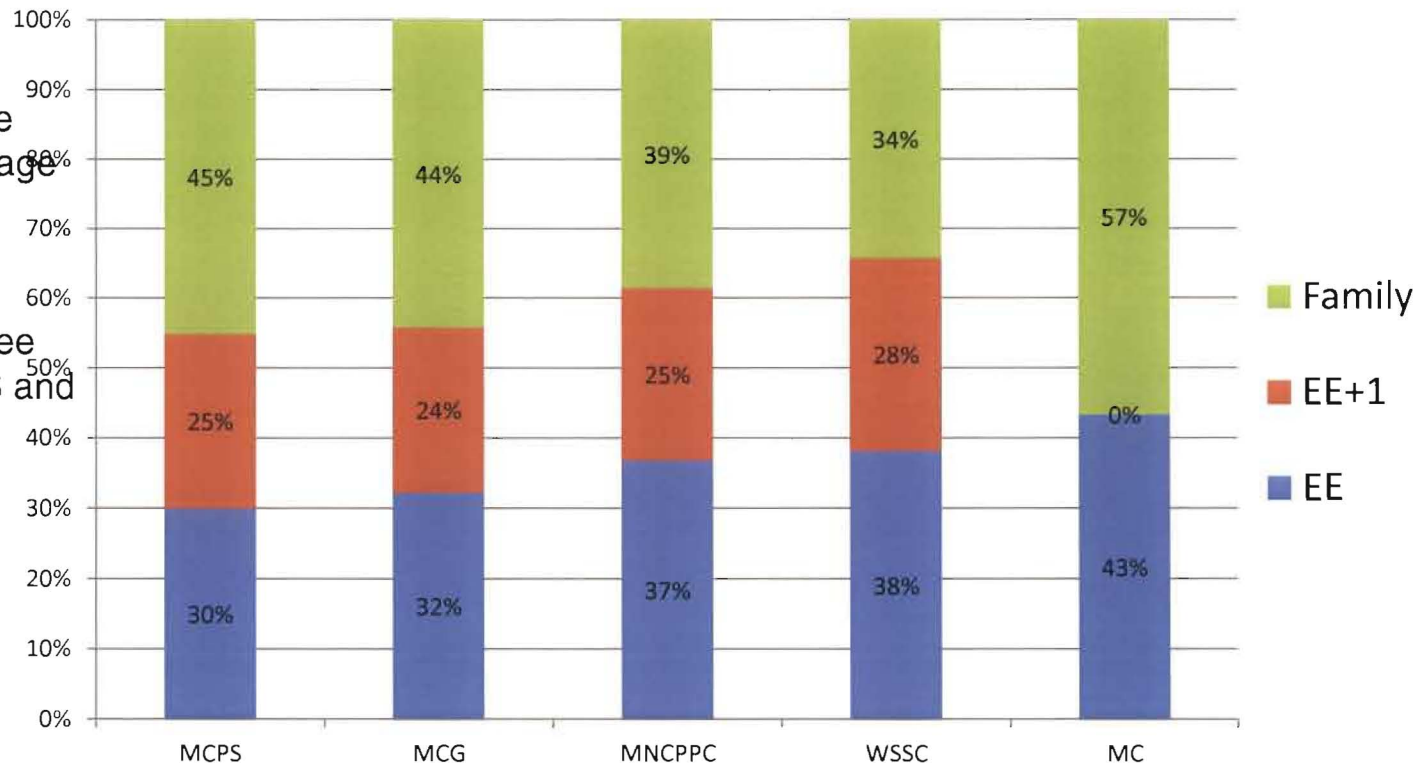
Active Opt Out Rates

- The chart below shows the percent of employees eligible for coverage who do not purchase coverage for each agency. This is based on 2011 enrollment and may change after elections are made for 2012 as agencies make cost share and plan design changes.
- The College has the highest opt-out rate of 18%. This is most likely due to the College having the highest cost share percent (25%).



Active Coverage by Tier

- Enrollment by tier represents 2011 elections
- Montgomery College has the highest level of family coverage since EE+1 coverage is not available for actives.
- The other agencies offer three tiers of coverage and MCPS and MCG have about the same percent of family coverage, exceeding the other two agencies by 6% to 10%.



Plan Design Features for 2012

- Outlined below are plan provisions in major categories that differ. M-NCPPC has not yet finalized their plan design for 2012 and is not included.

| HMO | | | | |
|-------------------------|-------------|-------------|-------------|-----------|
| Plan Design | MCPS | MCG | WSSC | MC |
| PCP Copay | \$5 | \$5 | \$15 - \$20 | \$15 |
| Specialist Copay | \$5 - \$10 | \$5 - \$10 | \$20 - \$25 | \$30 |
| Preventive Copay | \$0 | \$5 | \$0 - \$25 | \$0 |
| ER Copay | \$100 | \$25 - \$50 | \$75 | \$75 |
| Urgent Copay | \$5 - \$15 | \$15 | \$20 - \$25 | \$30 |

- MCPS and MCG have the lowest copays of the agencies for primary care and specialist office visits. MCG has the lowest copays for emergency room use.

Plan Design Features for 2012

| POS/PPO (In network) | | | | |
|-----------------------------|--------------|-------------|---------------|-----------------|
| Plan Design | MCPS | MCG | WSSC | MC |
| Coinsurance | none | none | none | 10% - 20% |
| Deductible (Ind) | none | none | none | \$250 - \$300 |
| Out of Pocket (Ind) | | \$1,000 | \$0 - \$1,000 | \$1,750-\$2,000 |
| PCP Copay | \$5 - \$10 | \$10 - \$15 | \$15 - \$20 | \$15 - 20% |
| Specialist Copay | \$5 - \$10 | \$10 - \$30 | \$20 - \$25 | \$25 - 20% |
| ER Copay | \$50 - \$100 | \$25 - \$50 | \$75 | \$100 - 20% |
| Preventive Care | 0% | \$10 - \$15 | \$0 - \$20 | \$0 - 20% |

- The POS/PPO plan designs for MCPS, MCG and WSSC are very similar for in-network services with differences only in copay amounts (MCPS has the lowest copays)
- The College has the only plan with a deductible and coinsurance for in-network services
- MCPS and some MC plans have \$0 copays for preventive care since the plans no longer have grandfathered status under health care reform. In 2013 contraceptives will be added to the preventative care category.
- MCG and WSSC have not lost grandfathered status.

Prescription Drug Design for 2012

| | MCPS | | | MCG | | | WSSC | MC | | |
|------------------------------------|------------------------------|-----------|-----------|---------------------------------|-----------|------------|-----------------|---|----------------------------|---|
| | Active | Retiree A | Retiree B | Standard | High 4/8 | High 5/10 | | PPO | POS * | CDHP |
| Generic | \$5 | \$5 | \$10 | \$10 | \$4 | \$5 | \$5 | \$10 | 10%, \$10 min \$20 max | 10% |
| Formulary | \$10 | \$15 | \$25 | \$20 | \$8 /\$4* | \$10 /\$5* | \$15 | \$20 | 20%, \$20 min \$50 max | 10% |
| Non Formulary | \$25 | \$25 | \$35 | \$35 | \$8 /\$4* | \$10 /\$5* | \$30 | \$40 | 40%, \$40 min \$100 max | 10% |
| Mail Order (3 month supply) | 1X * | 2X | 2X | 1X | 1X | 1 X | \$10/\$25 /\$55 | 2X | Same coinsurance as retail | Same as Retail |
| Deductible | | | | \$50 | | | | \$150 | | EE \$1,200 EE+1 \$2,400 F \$3,000 |
| Comments | * Exception of generic - \$0 | | | * Price if no generic available | | | | * Mail Order - Generic - \$25 min \$40 max, Formulary - \$60 min \$120 max, Non Formulary \$100 min \$250 max | | |

- MCG bases its contribution on the Standard option plan and employees buy-up to the High Option plans.
- MCPS and WSSC have the most generous plans for active employees
- MC is the only agency using a coinsurance plan with minimum and maximum copays
- MCPS offers different options to retirees that are less rich than the active plan

Cost Share

| Actives Plan Type | MCPS | MCG | M-NCPPC | WSSC | MC |
|------------------------------|-------------|------------|----------------|-------------|-----------|
| HMO | 5% | 20% | 15% | 20% | 25% |
| Non-HMO | 10% | 25% | 15% | 22% | 25% |
| Rx | 10% | 25% | 15% | 20%/22% | 25% |

- The MCPS Closed POS has an 18% cost share and is only available to employees hired before January 1, 1994.
- MCG contributes 75% toward the standard option prescription plan and employees pay the difference in cost to elect a high option prescription plan. This average cost share for 2012 is approximately 50%.

| Retirees Plan Type | MCPS | MCG | M-NCPPC | WSSC | MC |
|-------------------------------|-------------|------------|----------------|-------------|-----------|
| HMO | 36% | 30% | 15% | 20% | 40% |
| Non-HMO | 36% | 30% | 15% | 20%/22% | 40% |
| Rx | 36% | 30% | 15% | 20%/22% | 40% |

- The MCG cost share is an average since cost share is based on years of service.
- MCPS initiated a scheduled approach based on years of service for new retirees that retiree on or after July 1, 2011.

Total Average Cost by Plan Type - Active

| | Premium Cost | Agency Share | Employee Share |
|----------------|-----------------|-----------------|-------------------|
| MCPS | | | |
| Medical | \$10,240 | \$9,477 | \$762 |
| Rx | \$2,967 | \$2,670 | \$297 |
| Total | \$13,206 | \$12,147 | \$1,059 |
| MCG | | | |
| Medical* | \$11,052 | \$8,474 | \$2,578 |
| Rx | \$4,149 | \$2,241 | \$1,907 |
| Total | \$15,201 | \$10,716 | \$4,485 |
| WSSC | | | |
| Medical and Rx | \$15,140 | \$12,020 | \$3,120 |
| MC | | | |
| Medical and Rx | \$10,695 | \$8,021 | \$2,674 |

* Includes Kaiser Rx

- The average cost s are based on premium rates – all agencies except MCPS rate actives and retirees together
- Costs assume 2011 enrollments for MCPS and MCG ; and expected 2012 enrollments for WSSC and MC. (due to new plan offerings). The average costs are weighted based on enrollment in each plan
- MCPS employees pay significantly lower premium for HMO coverage than the other Agencies primarily due to having a lower cost share than the other agencies (5% compared to 15%, 20% or 25%) and the rating of actives separately from retirees
- The other agency's employee costs are comparable for HMO coverage and are within similar ranges.

Employee Monthly Contributions

Active – HMO – Includes Prescription Drug

| Coverage Tier | MCPS | MCG | WSSC | MC |
|---------------|-------------|---------------|---------------|-------|
| Single | \$28 - \$34 | \$98 - \$111 | \$93 - \$115 | \$96 |
| EE +1 | \$55 - \$65 | \$186 - \$212 | \$186 - \$231 | \$259 |
| Family | \$80 - \$95 | \$292 - \$335 | \$282 - \$336 | \$259 |

- The MCG rates utilize the Standard drug option
- MCPS employees pay significantly lower premium for HMO coverage than the other agencies primarily due to two factors:
 - Lower cost share than the other agencies (5% compared to 15%, 20% or 25%) and;
 - Rating of actives separately from retirees
- The other agency's employee costs are comparable for HMO coverage and are within similar ranges.

Employee Monthly Contributions

| Active Non-HMO – Includes Prescription Drug | | | | |
|---|---------------|---------------|-------|---------------|
| Coverage Tier | MCPS | MCG | WSSC | MC |
| Single | \$56 - \$143 | \$137 - \$145 | \$185 | \$111 - \$124 |
| EE +1 | \$112 - \$286 | \$241 - \$255 | \$365 | \$300 - \$333 |
| Family | \$149 - \$385 | \$398 - \$421 | \$462 | \$300 - \$333 |

- The MCG rates utilize the Standard drug option
- MCPS employee rates are lower than other agencies primarily because of the rating of actives separately from retirees

Employee Monthly Contributions

Retiree - HMO - Includes Prescription Drug

| Coverage Tier | MCPS | MCG | WSSC | MC |
|---------------|-----------------|---------------|---------------|-------|
| Single | \$113 - \$346 | \$95 - \$158 | \$42 - \$115 | \$232 |
| EE +1 | \$225 - \$667 | \$190 - \$308 | \$84 - \$231 | \$464 |
| Family | \$338 - \$1,003 | \$284 - \$480 | \$127 - \$336 | \$672 |

Retiree - Non HMO – Includes Prescription Drug

| Coverage Tier | MCPS | MCG | WSSC | MC |
|---------------|-----------------|---------------|---------------|---------------|
| Single | \$139 - \$406 | \$114 - \$271 | \$93 - \$185 | \$200 - \$293 |
| EE +1 | \$278 - \$811 | \$218 - \$578 | \$185 - \$365 | \$399 - \$586 |
| Family | \$417 - \$1,079 | \$278 - \$867 | \$278 - \$462 | \$399 - \$787 |

- The MCG rates utilize the Standard drug option
- The MCPS retirees have the highest premium costs of the agencies because the cost share is the highest and rates reflect the experience under the retiree plans (not subsidized by active experience).

Breakdown of Premium Components

| | MCPS | MCG | WSSC | MC |
|-----------------------|-------|------|------|------|
| Admin | 4% | 4% | 4% | 5% |
| Stop Loss Fees | 0.5% | 2% | 6% | 6% |
| Claims | 95.5% | 94% | 90% | 89% |
| Total | 100% | 100% | 100% | 100% |

- Competitive bidding on a combined basis has resulted in some of the smaller agencies benefiting from being part of the larger group.
- The amount of stop loss coverage purchased by each agency varies based on the size of each group and the level of risk the agency is willing to absorb.
- The MCG administrative fees include a 1.2% fee for the cost of internal plan administration
- The premium components are for the self insured medical and prescription plans and do not include Kaiser

Comparison of Montgomery County Public Schools and Montgomery County Government Costs

Active Employee Annual Per Member Cost - Total

Annual per member cost is based on projected claims and expenses for 2012 divided by number of employees and dependents

Costs reflect active experience only in order to normalize costs and compare without reflecting any subsidy of retiree premium rates

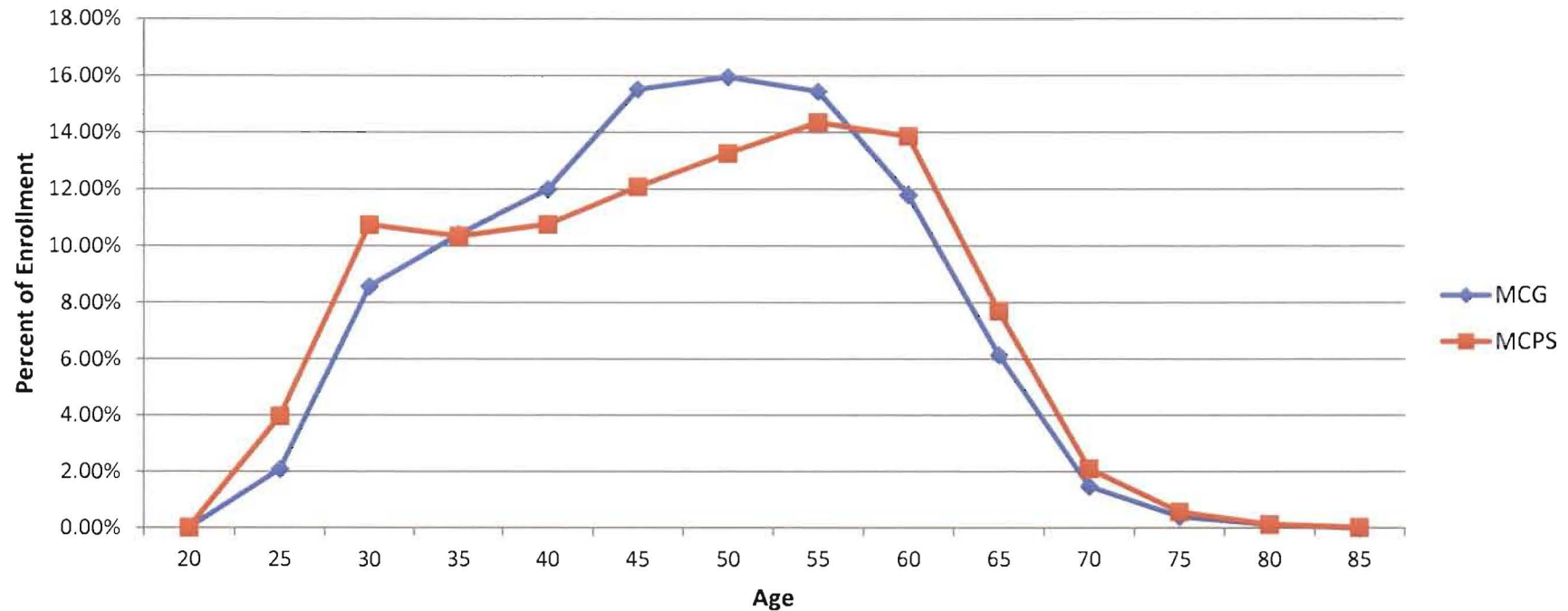
| | Active | |
|-----------------|---------|---------|
| | MCPS | MCG |
| HMO | \$3,553 | \$3,996 |
| POS | \$4,365 | \$3,869 |
| Kaiser (Med&Rx) | \$4,843 | \$4,911 |

| | Active | |
|--------------|---------|---------|
| | MCPS | MCG |
| All Medical* | \$4,066 | \$4,028 |
| All Rx | \$1,273 | \$1,235 |
| Total | \$5,339 | \$5,263 |

*Includes Kaiser Rx

Demographics

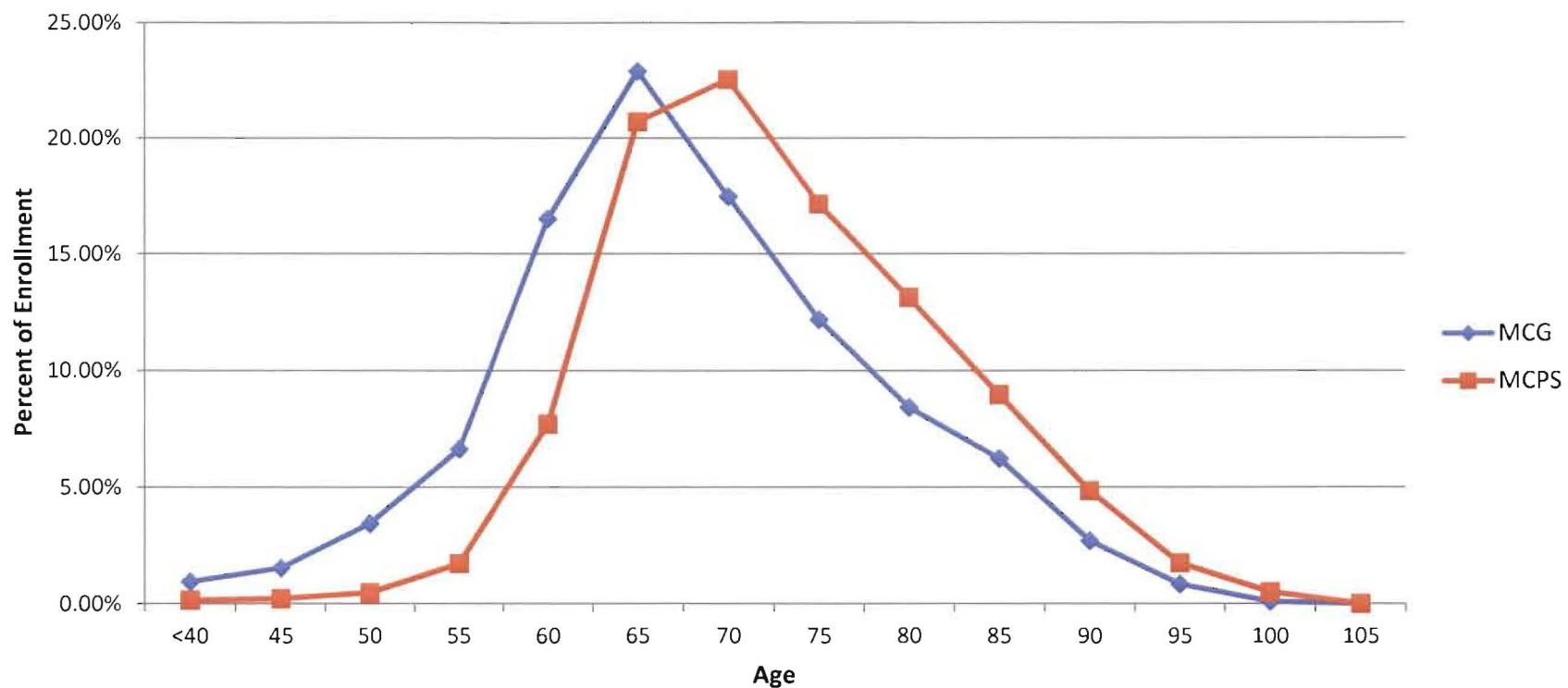
Age Bands Actives



- The average age for both MCPS and MCG is 45. The distribution of employees as a percent of total is greater for MCG from age 35 to age 60 while MCPS has a greater percent of employees younger than age 35 and older than age 60. This does not include dependents.

Demographics

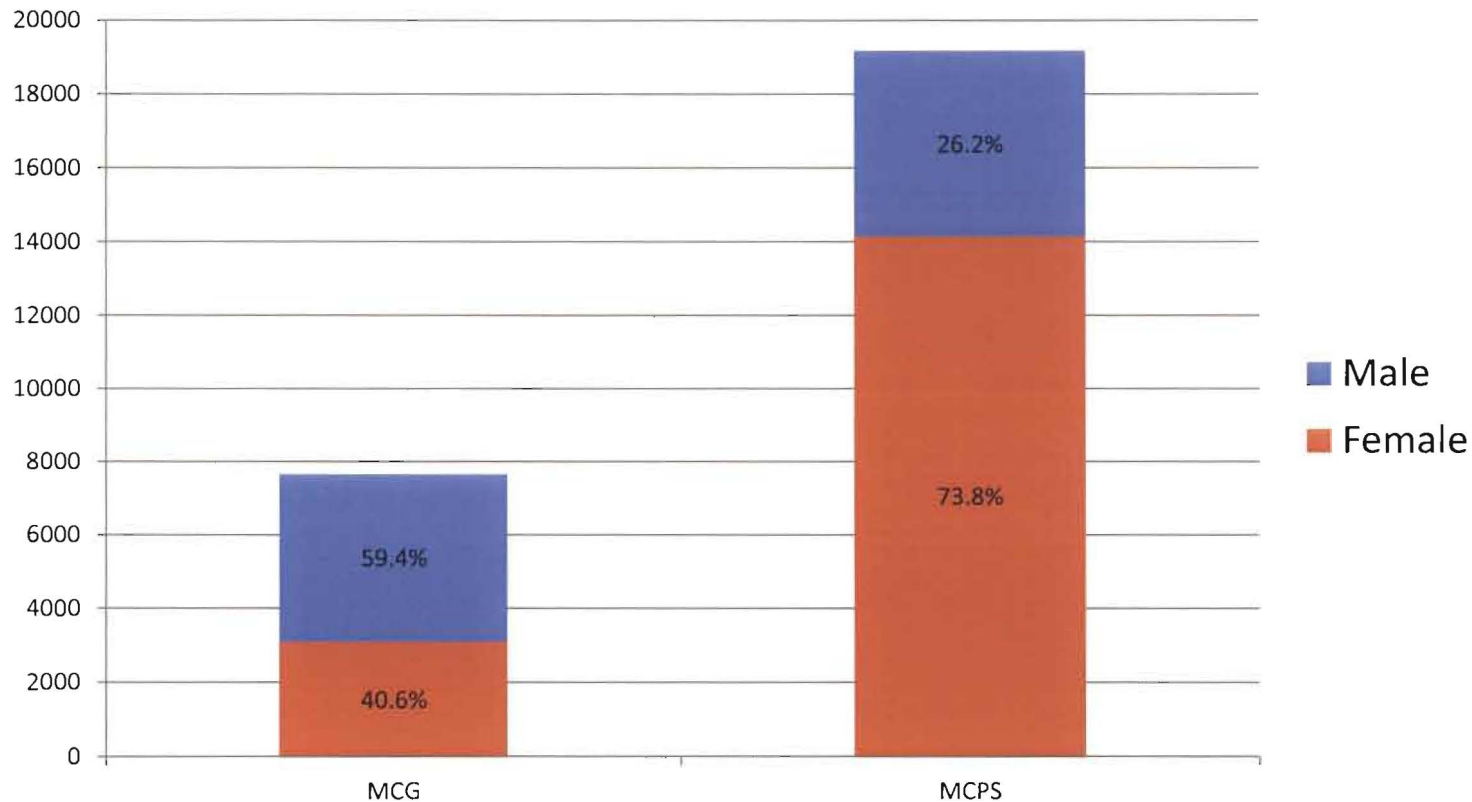
Age Bands Retiree



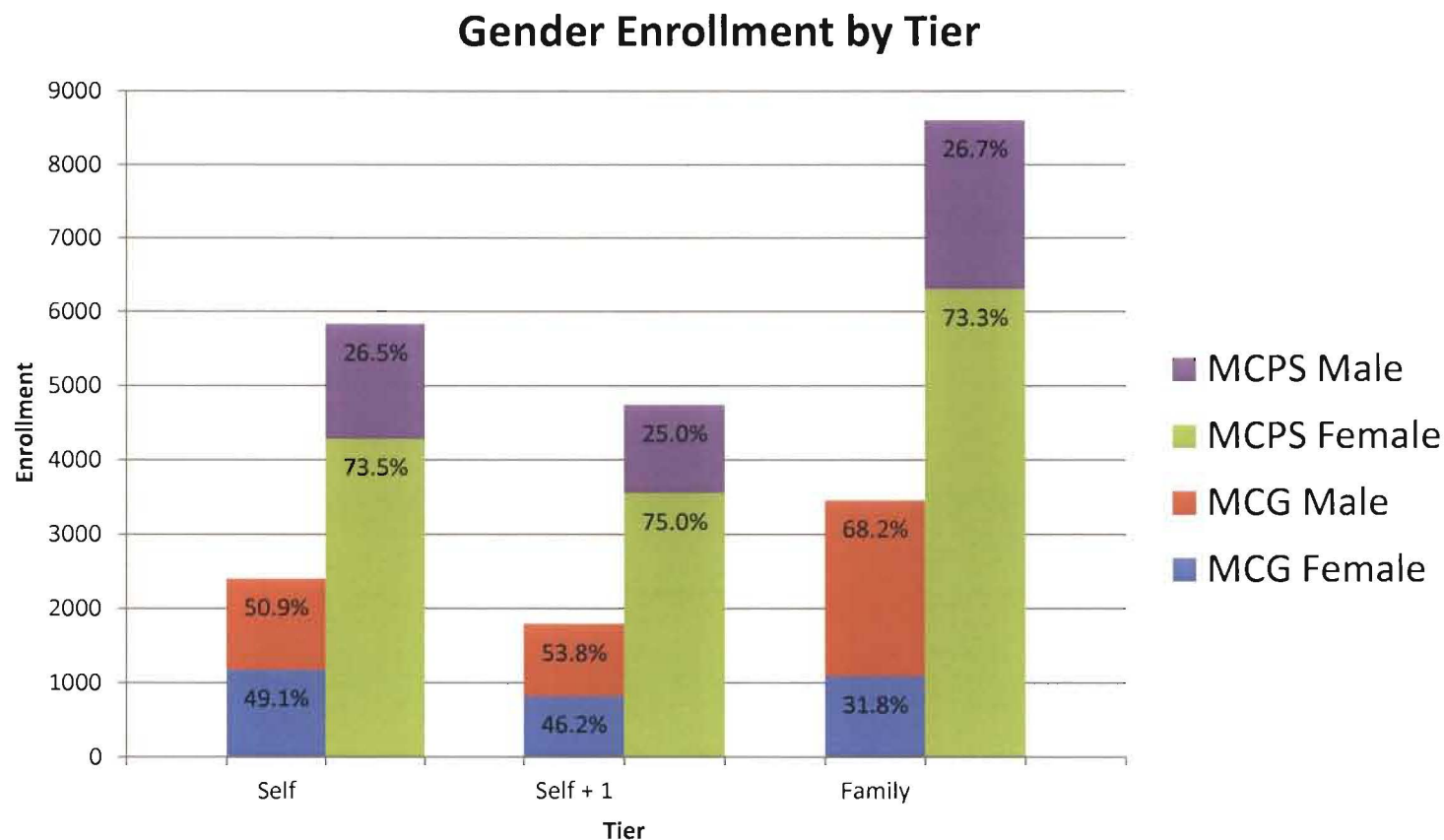
- The average age for MCPS retirees is 71 and MCG is 66.

Active Gender Enrollment

- Overall Gender Enrollment of Employee (dependents not included)



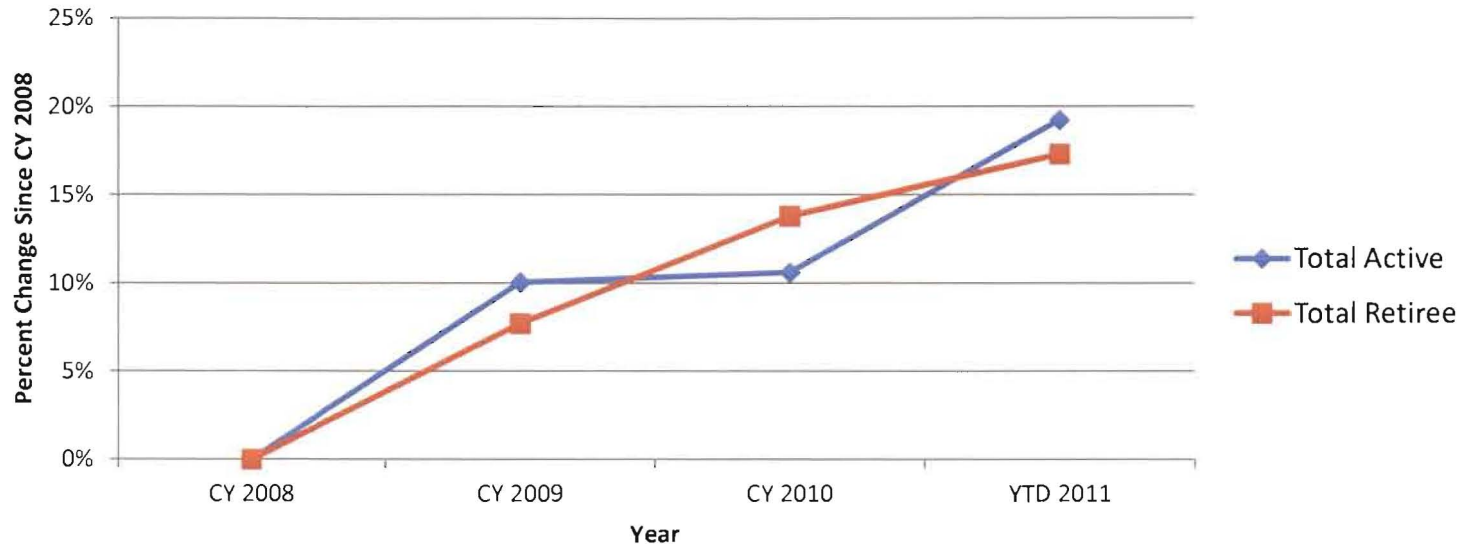
Gender Enrollment by Tier



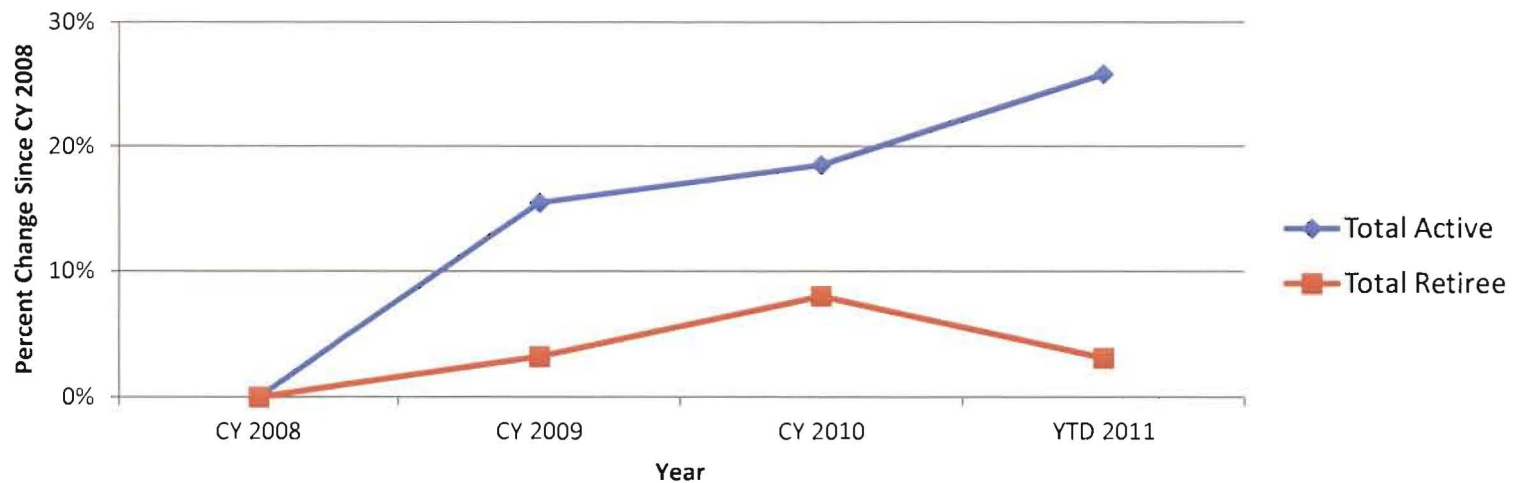
- MCG – average number of members per family with family coverage is 4.0
- MCPS – average number of members per family with family coverage is 3.9

Medical Self Insured Claims - Percent Changes since 2008

MCPS

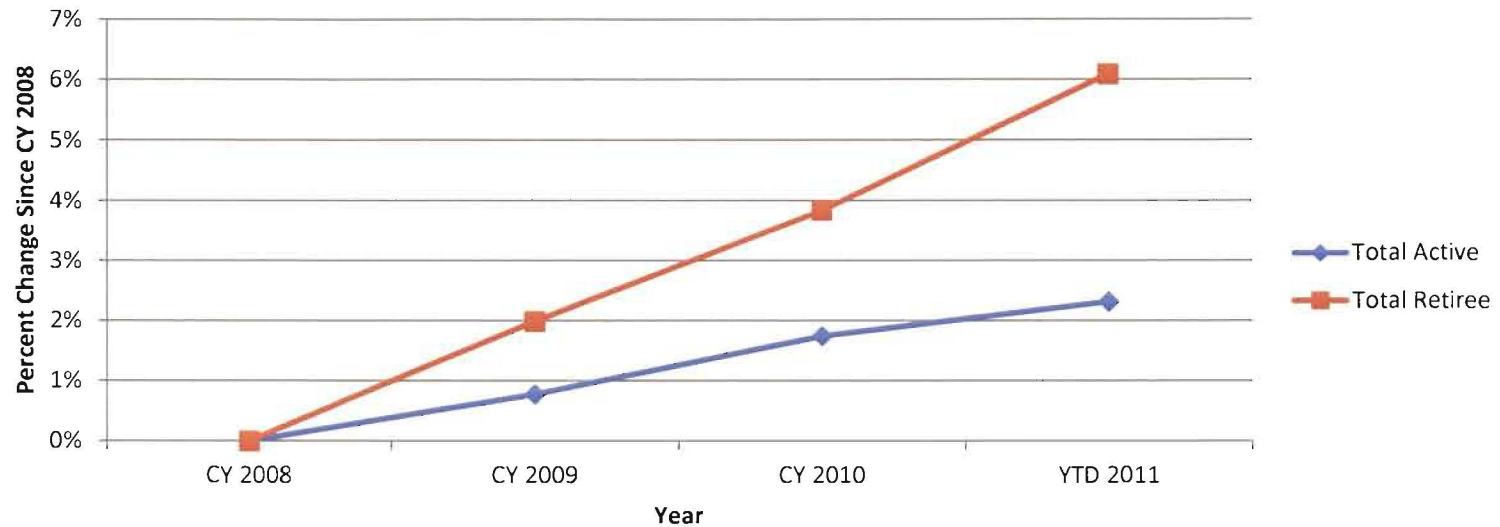


MCG

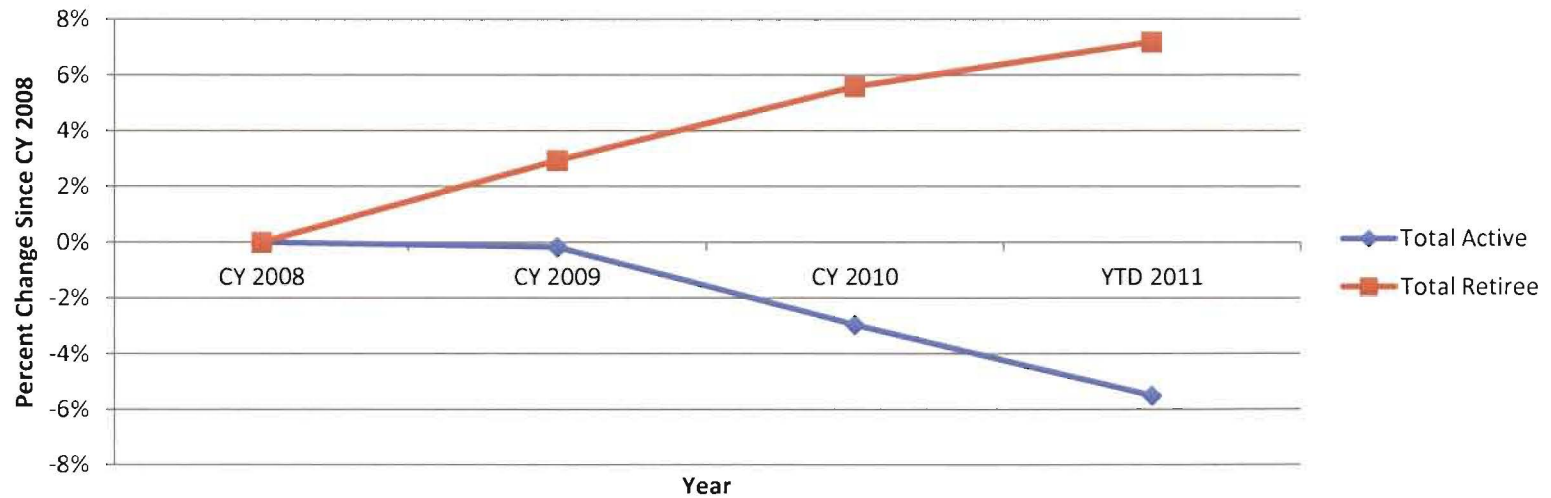


Enrollment - Percent Changes since 2008

MCPS



MCG



Plan Design

- **The plans designs were valued through Aon's actuarial model and the MCPS Open POS plan and the MCG High POS plans have the same relative value. In addition the MCPS and MCG HMO plans are also actuarially equivalent with the exception of the MCPS UHC HMO which has slightly less value than the other HMOs.**
 - The MCPS prescription plan for active employees is richer than the MCG Standard plan which is the plan that the County uses to determine cost share. The County plan has a \$50 deductible and higher copays. The actuarial value between the plans shows that the MCPS plan is about 11% richer.
 - The MCG High option prescription plans are more generous than MCPS's plan for active employees since the plans cover brands where there are no generics at the lowest copay level (\$4 or \$5). Since MCG basis its contribution on the Standard option plan this is only a cost issue for employees who buy up to the high level plans.
- **The POS and HMO plans offered by MCPS and MCG are very comparable since almost all in-network coverage levels are 100% payment after relatively low copays \$5 or \$10.**
 - MCG Emergency room copay is much less than MCPS (\$25 vs. \$100). MCPS increased their copay in 2011 to incent greater use of urgent care facilities instead of more costly emergency room.